

December 24, 2009  
Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20511

***Re: Proposed Changes to Closed-End Mortgage Rules (Docket No. R-1366)***

To Whom It May Concern:

Thank you for the opportunity to comment on the proposed rule amending Regulation Z with respect to closed-end mortgages. I am a loan originator working in Lincolnshire, IL. Lincolnshire is located in Lake County, IL – a county which is one of the most financially diverse in our nation. We have some of the wealthiest census tracts in the nation, while we have others well below the poverty level.

As a Loan Officer for the better part of the last 14 years, I have watched the rise and fall of sub-prime lending. Always a proponent of FHA lending, I was shunned in certain circles for putting the needs of the client above a paycheck. My unwillingness to provide an over-priced and unstable ARM/sub-prime loans where extra work, diligence and know-how could provide a better deal for the borrower have made me immensely popular, until late 2006. It seems that the refrain that I had been signing for years became not a solo act, but a chorus of voices as the industry and market melted under the heat of it's own indescresions.

I agree that additional consumer protections in the residential mortgage loan process are needed. However, I have some concerns with the proposals regarding loan originator compensation. My customers often present unique or complex circumstances that make processing their loan applications time consuming and difficult. I spend a great deal of time on these applications to ensure that they get the extra attention they need and to make sure that the application process goes smoothly for our customers. I have executed up to and exceeding \$150,000 of TRUE down payment assistance through government programs, annually. Although this is exceptionally time consuming and requires a high level of expertise, the loan amount on which I am paid is small. In order to compensate me for the extra work that I put in on these loans, I sometimes need to charge the customer a slightly higher fee. Often the borrower will prefer to pay a higher rate, either because they do not have additional funds to bring to closing or they are already at the maximum loan to value limit. They are also aware that the options I offer and execute provide significant savings, both at the time of closing and for years to come.

These loans are not available through national call centers. This expertise can not be offered by non-local representation. These loans are, however, a current past and future source of real estate market stabilization, community re-investment and often serve as the primary source of future financial stability for those who obtain them.


If the proposed rule prevents my employer from paying adequate compensation for these loans, loan officers will be less inclined to take on the more complex loan applications. Instead, they will focus primarily on the straight-forward, conventional loan applications that are less time consuming. The prized loans to undertake will be the largest, leaving the best level of coverage and expertise to the segment of our population that is most affluent and often the most financially savvy. The segment of the population that is MOST in need of honest, caring, expert assistance will be left in the cold. Those who do not HAVE to do smaller loan amounts will choose not to.

**The unfortunate consequence of this change in focus will be to make it even harder for many deserving consumers to obtain a mortgage loan, particularly those in underserved communities, on limited and/or fixed income, and/or small business owners.**

If the Board adopts the proposed restrictions on loan originator compensation, the limits should apply only to the riskier products that were at the heart of the subprime meltdown. Because conventional ,FHA and VA loans do not create the same potential for abuse, the Board should exclude these loans from the restrictions on loan originator compensation and allow for pricing discretion in these loans. Also, the new SAFE Act requirements for loan originators, including extensive background checks and rigorous testing and continuing education requirements will significantly curb the past abuses that precipitated this proposal. The Board should wait to allow the SAFE Act a chance to work before piling on additional and burdensome regulation on loan originators.

Once again, thank you for the opportunity to comment on the proposed rule.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Robin E. Doran-Smith', with a stylized flourish at the end.

Robin E. Doran-Smith